

## Avista, Puget file major rate cases

Avista and PSE have requested the commission approve higher rates. Avista wants an increase in electricity rates while PSE seeks higher rates in both electricity and natural gas rates.

The commission is formally investigating both requests. Public Counsel, of the Attorney General's office, is an active participant as the attorney representing customers. Public hearings will be held later in the year.

### Avista Case

Last fall, Avista was granted a 25 percent surcharge on all its electricity rates. The commission required the surcharge to end December 2002, subject to refund depending on the outcome of the company's rate case. Avista's rate request calls for a series of rate adjustments—the net effect of which is to raise rates an additional 10 percent on top of the recent 25 percent increase, resulting in a 37.5 percent increase over last summer's rates.

Since the commission may take until next November to decide the case, Avista has requested the 10 percent be granted this spring—subject to refund if the commission does not uphold the increase. Follow the progress of this case via our Avista rate case web page: [wutc.wa.gov/011595](http://wutc.wa.gov/011595).

### Puget Case

Puget is also requesting that electricity rates be increased this spring, pending the outcome of its full rate case. PSE would like to raise electricity rates by 16.5 percent and natural gas rates by 14.5 percent. The company proposes an "adjustable rate option" where customers would pay a rate that would vary on a daily basis for electricity and on a monthly basis for natural gas. The company also would offer a "fixed rate option" that would be revised annually. Either option would be a departure from the current rate structure. You can follow the progress of this case via our PSE rate case web page: [wutc.wa.gov/011570](http://wutc.wa.gov/011570).

## Decision near on Qwest long-distance

The commission is on the brink of perhaps the most important decision regarding telecommunications competition since the adoption of the federal Telecommunications Act of 1996: Should Qwest be allowed to enter the long-distance telephone business?

The implications of the decision extend beyond Qwest's long-distance service aspirations to whether the conditions for local phone competition, as outlined by the federal Telecom Act, will ever be realized in Washington State.

From a consumer's standpoint, the decision could end one of the more confusing vestiges of the break-up of AT&T in 1984. For years, customers have struggled with the fact that Qwest, formerly US West, can provide long-distance service when the call is within a certain area but not if the call goes outside that area.

The commission's task is to ensure that conditions set forth in the federal act regarding competition are in place, workable and sustained.

But the decision, if made too hastily, could forestall the emergence of local phone competition.

**For more on this issue, see page 4.**

# Home energy production benefits from net metering

We all know that your home is your castle. But did you know it could also be a power plant?

State law makes it possible for homeowners who generate more electricity than they need at any given time to feed that juice back into the electric system. The process, called net metering, allows the residential customer to “store” excess electricity on the grid and then use that electricity later when needed.

In some systems, the meter literally spins backwards when electricity flows from the house to the grid and spins forward again when electricity goes back into the house.

State law, adopted in 1998, requires that the following conditions be met before qualifying for net metering:

- ⚡ Power should be generated by solar, wind, hydropower or fuel cells;
- ⚡ Generating capacity should be no more than 25 kW;
- ⚡ The facility must be located on the customer’s premises;
- ⚡ Power generation must be connected, at the owner’s expense, to the electric utilities transmission and distribution facilities; and
- ⚡ Generation must be intended primarily to offset part or all of the home’s electricity needs.

The goal of net metering is to help alternative forms of electricity be more economical. Since wind and solar energy sources tend to produce power based on weather conditions and not on whether the customer needs the power, net metering allows the customer to benefit from the electricity production even when its not needed by the household.

## Read this from your computer

We now deliver this newsletter, along with monthly updates, via our consumer listserv. The newsletter will arrive at your email address in Acrobat Reader (.pdf) format.

Send an email to Tim Sweeney ([tsweeney@wutc.wa.gov](mailto:tsweeney@wutc.wa.gov)) to start receiving this newsletter electronically.

## CONSUMER NEWS IN BRIEF

### New Access complaint

UTC staff have filed a complaint, alleging that New Access Communications LLC changed customer’s local and long-distance accounts without authorization—a practice known as slamming. A hearing to consider the complaint will occur early this year.

### Olympic Pipeline seeks increase

Olympic Pipeline is seeking a 62 percent increase in the rates it charges for transporting petroleum products through its pipeline within the state of Washington.

The commission has suspended the request and launched a formal investigation into the rate request. Follow this case at: [wutc.wa.gov/011472](http://wutc.wa.gov/011472).

### Intellicall penalty

The UTC penalized Intellicall \$14,000 for failing to offer callers a rate quote prior to completing a collect call made from pay phones. State rules require that both the caller and the person accepting the collect call be invited to hear a rate quote.

One of the most expensive calls that you can make is a collect call. When making collect calls or any long-distance call from a pay phone, consumers should ask for rate quotes from the operator.

### Conservation credits end

Winter rains, along with other factors, have washed away the conservation credits established last year when wholesale electricity rates were soaring. This summer, credits were provided to customers who curtailed their total monthly consumption by certain percentages. Pacific Power’s credits ended after September. Avista finished Oct. 12 and PSE terminated its program Nov. 8.

# Don't wait for lights to go out to prepare for storms

*... It was a dark and stormy night and then the lights went out.*

With a little preparation, you don't have to be left in the dark when winter storms knock your power out.

Flashlights should be readily available, perhaps in more than one location in the house. Make sure everyone is aware of where these lights are and keep spare batteries on hand. Rechargeable lights that plug into outlets and turn on when the power turns off can provide valuable lighting until you're able to find additional flashlights.

You should also have a battery-powered radio and clock either operating in the house or available for use when needed. During storms, your utility will be communicating regularly with media regarding power outages.

Check to see if your phones require electricity to operate. Cordless phones, for instance, usually require household electricity. Standard phones draw their electricity from the copper telephone wire and are usually unaffected by a power outage.

If you are on a well or septic tank, instruct yourself on how these systems operate and write down any special procedures that have to be followed if the power is out. Keep these procedures with your other emergency items.

Extra blankets can help make you more comfortable when your heat is out of commission. As the temperature drops, you can hang spare blankets or cardboard over windows and doorways to reduce heat loss.

Put together an emergency kit with the items mentioned above and the following suggested items: bottled water, manual can opener, food that does not require cooking, camp stove and fuel (for outdoor use only), and, of course, a fire extinguisher. Candles should be used with caution and never left unattended.

Emergency generators can maintain some of the power to your home. However, before you buy one, ask your utility for recommendations and guidelines, including information on the safe operation and installation of an emergency generator. If you already own one, you should definitely have this information.



## Reporting a power outage

Before calling your utility, check to see if the outage is related only to your house or more widespread. Check for a tripped electric breaker or fuse or check to see if your neighboring houses are dark.

Keep the following information close to your phone: Your account number and the phone number of your utility.

**Pacific Power ....877-548-3768**

**PSE .....888-225-5773**

**Avista.....800-227-9187**

If outages are widespread, you will likely get a message instead of talking with a live person. Be patient and listen to the recorded information.

## Waiting for power to return

Turn down your heat and turn off (or unplug) all your electrical equipment to prevent damage from electrical overload when power is restored. Leave a porch light on as an indicator to you and the power crew that your power has been restored. Listen to the radio for weather and power outage updates.

Be patient. Play a game, tell a funny story, enjoy, as best as you can, the excitement of living in the stormy Northwest.

## LATA is product of market ban

When AT&T was broken up into seven regional local telephone companies and one long-distance company, a map of the country was drawn up and 194 market areas were defined. As a condition of the break-up, the seven companies agreed not to carry long-distance calls between any of these market areas, known as Local Access Transport Areas (LATAs).

The reason for this restriction was to prevent the local phone companies from using their monopolies to hinder the competition that eventually emerged in the long-distance market.

Washington has two whole LATAs and two partial LATAs within its borders. One LATA covers all of Western Washington, except the communities near Portland which are included in the Portland LATA. Another LATA covers almost all of Eastern Washington, except for a few communities that are considered part of an Idaho LATA. Confusing? You bet. Particularly since these areas have no relation to area codes, local calling areas or any other means by which consumers can relate.

The effect of this restriction is that you can choose Qwest to carry your toll calls within a LATA (such as calls between Seattle and Olympia) but you must find another carrier to handle calls outside the LATA (such as calls between Seattle and Spokane or between Vancouver and Tacoma).

## Qwest's drive for long-distance market

The federal Telecommunications Act of 1996 provides a pathway for "baby Bell" companies to escape a market restriction (see article on the left) that has bound them ever since the companies were formed out of the break up of AT&T in 1984.

The key provision of the act, Section 271, establishes an incentive for the former monopoly local phone companies to cooperate with local telephone competitors. If handled correctly, the deal could increase consumer choice both for long-distance service and for local telephone service, but only if regulators enforce it.

Qwest was one of the country's largest and fastest-growing long-distance companies until last year, when it purchased baby Bell U S WEST. As a result of the market restrictions binding US West, Qwest, as the company's successor, had to drop its long-distance operations in Washington and 13 other states assigned to U S WEST. Qwest can resume long-distance service only after showing that it has opened its network to competitors trying to offer local telephone service.

The 1996 Telecom Act laid out the process by which Qwest and the other baby Bells can break free of the long-distance market restriction. The law says the company must demonstrate that it has complied with a 14-point check list. The ultimate decision is made by the Federal Communications Commission, which is relying heavily on state public utility commissions, such as the UTC, to do the detailed analyses associated with the decision.

And "detailed" hardly covers it; this review will likely end up being the biggest single case the UTC has ever had. For each of the 14 points, there can be dozens of operational and legal issues to check.

For nearly two years, the UTC has been holding multi-day workshops on the checklist points, where Qwest and competitors such as Worldcom and AT&T work through technical and economic issues that hinder local competition. This process has identified dozens of changes that Qwest must make to meet the test. Qwest says it is working to make those corrections.



# ...could open up local phone competition

Unresolved issues are decided by the UTC through formal legal briefs and orders. The UTC is also working with other state regulators to test Qwest's actual performance when a competitor wants to connect a new customer to the network or make a repair.

In addition to these details, the UTC is looking at the big-picture question of whether it is in the "public interest" for Qwest to get long-distance approval. The Attorney General's Public Counsel argues that Qwest needs to improve service to its own customers to meet this test. Public Counsel argues that there needs to be more evidence of real competition, especially for residential service.

To ensure future compliance with the checklist, the UTC is developing the performance plan that Qwest will operate under after it passes the test. This plan will include substantial penalties if Qwest should fail to meet the performance measures.

Depending on how quickly Qwest can correct the problems that are being identified, the UTC's work will likely finish in mid-2002. The decision will then be up to the FCC.

Some have argued this process should go faster so that customers can more quickly realize the benefits associated with another long-distance provider. But this would mean shortcutting a one-time only opportunity to fix some of the problems that have stalled local phone competition in recent years.

To fulfill the promise of the Telecom Act, the UTC must ensure that the checklist conditions are being met and will continue to be met. In turn, customers will benefit from a wider choice in local and long-distance service providers.

**FOLLOW THE PROCESS  
VIA OUR WEB PAGE:  
[WUTC.WA.GOV/003022](http://WUTC.WA.GOV/003022)**

## Checklist Review

The UTC has reviewed Qwest's compliance with the checklist that must be met prior to allowing Qwest to enter the long-distance market. The goal is to ensure Qwest opens its network to competitors.

The bold black checklist item has been approved. The four yellow items have been approved contingent on completion of the operational testing. The nine blue items require additional work by Qwest.

1. Interconnection/Collocation
2. Unbundled Network Elements
3. Poles, Conduit & Rights of Way
4. Loops
5. Unbundled Transport
6. Unbundled Switching
7. Operators, Directory Asst. & 911
8. White Pages Listing
9. Numbering Administration
10. Databases & Signaling
11. Number Portability
12. **Dialing Parity**
13. Reciprocal Compensation
14. Resale



## FREQUENTLY ASKED QUESTIONS

# What's happening with your gas rates



*Over the last year and a half, natural gas rates have increased significantly to cover sharply higher costs for gas supplies. Now that prices have moderated, the most asked question by consumers is: Why haven't my rates gone down? To get that answer, we have to ask a few basic questions first.*

### **How are natural gas rates determined?**

There are two basic components to the cost of your natural gas service — the cost of delivering the gas to your house and the cost of the natural gas itself.

The cost of delivering or distributing the gas includes maintaining pipes and meters, billing, and servicing customers. The company's profit is based on its long-term investment in these costs.

The cost of the natural gas that goes into the pipes is determined by an unregulated wholesale market. Your utility buys gas through this market to meet your needs. These purchases are closely monitored. Periodically, your rate is adjusted to ensure that your utility receives no more and no less than what it paid for its natural gas supply.

### **Does my rate always reflect the current wholesale price?**

No. The gas supply cost built into your rate is a projection of what the average amount going forward would be. The actual wholesale price varies.

### **What happens when the projected average built into my rate is wrong?**

Over time, you can count on the average being off by some amount. The company tracks how much it spends. If the company runs a surplus, customers are paid back through a credit built into rates. If the company runs a deficit, your rates go up even more.

### **Why haven't I seen a credit on my bill?**

Credits or paybacks are blended into your natural gas rate.

### **What happened last winter?**

During last winter's peak use, wholesale natural gas costs were three times what was covered by rates. All the utilities racked up huge deficits during this time.

### **Why did most rates go up this summer when wholesale prices were low?**

Most companies are receiving in rates roughly what they are currently paying for wholesale supply. To cover the deficit created last winter, three companies had to raise rates this summer. The fourth company, PSE, was able to lower rates slightly.

### **Why do rates vary between utilities if they purchase from the same market?**

Utilities pursue varying strategies for meeting natural gas demand. One company is purchasing supply on a monthly contract basis while another company is getting all of its supply through longer-term contracts. The other companies are using a mix of short- and long-term contracts. Long-term contracts have the advantage of providing rate stability but limit the benefit associated with month-to-month reductions. Monthly contracts have the advantage of following the current wholesale price decrease but provide no protection from future increases.

## FROM THE UTC LIBRARY

### Read up on the latest energy news

How can we keep up with and understand the events affecting our electricity bills and, just as important, our electricity supply? Here are some reliable resources that explain, in nontechnical language, the background and recent developments in the electric utility industry, especially the deregulation of this industry and related events.

Among our favorites...

You'll find **"Power to the People?"** in the June 2001 issue of *Consumer Reports* magazine. The article provides a general explanation of the history of deregulation in the electric utility industry, plus a U.S. map and a table of data related to the 23 states that have already adopted laws to deregulate. This article includes suggestions to boost residential consumers' bargaining power and other important factors that have to be addressed if deregulation is to work. The article wraps up with six simple steps that a residential consumer can take to curb electricity bills.

**"Electric Utility Restructuring"** is a consumer information Internet website provided by the American Association of Retired Persons (AARP) at [www.aarp.org/electric](http://www.aarp.org/electric). It explains restructuring and what it means for customers, what AARP's position is on the subject, and how to get involved. Best of all, there is a link to AARP's very helpful Consumer Glossary of technical terms relating to electric utility restructuring. For people living in a state where this industry is already deregulated, AARP also provides tips on how to shop for electricity without getting shocked.

The September 2001 **Bulletin** of the Northwest Public Power Association includes an article by Dr. Mark Cooper of the Consumer Federation of America (CFA), entitled **"Nation's Recent Experience with Electricity Restructuring Reveals Its Near-Fatal Flaws"**. This two-page article is basically a summary of a recent CFA report which documents the problems in key restructuring states. Like the Consumer Reports article mentioned above, it also spells out conditions needed to make electricity restructuring work.

To keep up with the latest developments, the *Wall Street Journal* continually publishes timely articles about the electric utility industry, deregulation, and related news such as the recent collapse of Enron and its EnronOnline energy trading system. This business newspaper is available in most public libraries.

## Winter Rate Roundup

What's your winter bill looking like? Here's a roundup of winter energy bill estimates, based on average usage, by company.

### Avista

Avista's electricity rate increased 25 percent this fall while natural gas will cost about 13 percent more than last winter. A customer using 1,000 kwh of electricity in a month will pay \$52.89. The natural gas bill for 150 therms will be \$137.90. Avista has requested an additional 10 percent increase in electricity rates. If approved, it would not take effect until March at the earliest.

### Puget Sound Energy

While PSE has a rate increase pending, electricity bills this winter will be pretty much the same as last year. A monthly bill with 1,000 kwh will be \$62.22. A PSE natural gas bill of 150 therms will run a \$132.76 a month.

### Pacific Power

Pacific Power, operating under a rate plan, saw rates go up about two percent. A monthly bill of 1,000 kwh will run \$53.21.

### Northwest Natural Gas

Northwest rates have increased by about 25 percent this year with 150 therms costing customers \$147.37 per month.

### Cascade Natural Gas

Cascade Natural Gas rates went up slightly this year, running \$142.23 for a monthly bill of 150 therms.



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## In This Issue

*Read about Qwest's efforts to enter the long-distance markets and how that will have a bearing on local phone competition. We have the latest on Avista and Puget's rate requests, tips on preparing for winter storms, answers to your natural gas questions and exciting news on how you can get your utility to pay you for generating electricity.*

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